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S.T.A.R.T.

Solutions To Area Rail Traffic

September 3, 2008

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River Grove
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Schiller Park
South Holland
Stickney
Western Springs

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

RE: STB Finance Docket 35087, CN Petition for Modification of the Procedural Schedule

Dear Secretary Quinlan:

S.T.A.R.T. (Solutions To Area Rail Traffic) is a recently established independent coalition of Chicago-area local governments and elected officials that support CN's proposed acquisition of a major portion of the EJ&E because it will bring significant public benefits. We are writing to express our strong support for CN's August 14, 2008 petition for modification of the procedural schedule, which would permit the Surface Transportation Board (STB) to reach a final decision on the merits of CN's proposed transaction subject to maintenance of the environmental *status quo* pending completion of the STB's environmental review.

S.T.A.R.T. is a voice for the communities inside the EJ&E arc, including many that are lower-income and with substantial minority populations that stand to benefit from the proposed transaction through a reduction in CN's use of rail lines in their neighborhoods. Our membership includes the mayors or presidents of the Village of Des Plaines, the Village of South Holland, the Village of Crete, the Village of Buffalo Grove, the Village of North Riverside, and the Village of Riverside. Congressman Dan Lipinski is our Honorary Chairman. A current list of S.T.A.R.T.'s members is attached.

S.T.A.R.T. recognizes that there are valid reasons for the STB to conduct an environmental review of the proposed transaction. But it objects to the efforts of certain affluent suburban communities to delay that process needlessly in the hope of killing the proposed transaction without any decision by the STB on its merits. This is a transparent and narrow-minded attempt by these communities to prevent an efficiency-producing shift in CN traffic from congested inner-city lines to EJ&E's under-utilized lines. These opposing communities ignore the fact that the proposed transaction promises critical transportation benefits for the region and nation, as well as substantial environmental benefits for the more densely populated urban areas where there would be significant reductions in train traffic.

Given the risk to the transaction that now exists as a result of the STB's lengthy environmental review process, S.T.A.R.T. supports CN's August 14 petition as offering a solution that is plainly in the public interest. The proposal would allow for a final decision on the merits of the transaction, which the STB is required by law to approve unless it would cause substantial harm to competition, while maintaining the environmental *status quo* until the STB completes its review of the transaction's potential environmental impacts. This would permit CN to close the transaction, if approved, while preserving the STB's rights to impose any lawful environmental mitigation that it might determine is appropriate, as well as protecting all rights of both opponents and supporters of the proposed transaction.

We disagree with the claims of some transaction opponents that CN's proposal would somehow truncate the STB's review process. The competition issues in the proceeding are *de minimis*, have nothing to do with environmental issues, and have for months been fully briefed and ready for

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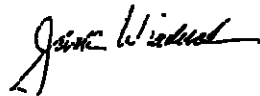
decision. Further, the solution proposed by CN would allow the environmental review to continue to its conclusion, without any change in the environmental *status quo*

We also take issue with the argument of some transaction opponents that CN's petition should be rejected because it would prevent the STB from rejecting the transaction outright on environmental grounds. We cannot see how the STB could possibly reject a transaction with such obvious transportation benefits on environmental grounds, when the environmental benefits of the transaction offset and in some cases exceed the environmental detriments. In any event, the governing statute does not permit the STB to reject a "minor" transaction on non-competition grounds. But even assuming it did, because the environmental *status quo* would be maintained under CN's proposal pending the STB's completion of its environmental review, the STB would still retain whatever authority it has to prevent or mitigate environmental impacts. Thus, CN's requested modification of the procedural schedule poses no threat either to the environment or to the STB's ultimate authority to protect it.

In short, in light of CN's proposed solution, there is no need and no sound reason for the STB to risk the loss of the benefits expected from CN's proposed transaction based on the STB's failure to make a timely decision on the merits of that transaction. S T A R T accordingly urges the STB to recognize that CN's request is in the public interest and to grant CN's petition for modification of the procedural schedule. Indeed, given the fact that the risk to the proposed transaction is rooted in the STB's own failure to adhere to binding statutory deadlines for a final decision on a "minor" transaction, S.T.A.R.T. believes that a rejection of CN's proposal would not only be unwarranted, it would be a derogation of the STB's statutory duty.

Thank you for your consideration and we hope that the Surface Transportation Board considers the serious detrimental effects on our communities by approving the CN petition.

Sincerely,



Jack Wiaduck, President
Village of Riverside



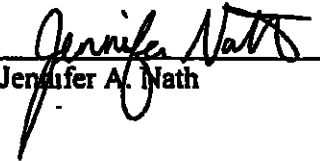
Richard Scheck, Mayor
Village of North Riverside



Elliott Harstein, President
Village of Buffalo Grove

CERTIFICATE OF SERVICE

I certify that I have this 3rd day of September, 2008, served the foregoing letter of Larry J. Schnurbusch, Vice President, Operation Services, SSAB, upon all known parties of record in this proceeding by causing a copy to be sent to each by first-class mail or a more expeditious method.


Jennifer A. Nath